

8879650

Handwritten marks: a circled 'X' and a circled '1'.

After Recording, Please Return To:
James L. Christensen
CORBRIDGE BAIRD & CHRISTENSEN
39 Exchange Place, Suite 100
Salt Lake City, Utah 84111

8879650
11/04/2003 04:41 PM 111.00
Book - 8906 Pg - 7922-7951
GARY W. OTT
RECORDER, SALT LAKE COUNTY, UTAH
CORBRIDGE BAIRD & CHRISTENSEN
39 EXCHANGE PLACE STE.100
SLC UT 84111
BY: ZJM, DEPUTY - WI 30 P.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
MONTANA VIEW ESTATES,
A PLANNED UNIT DEVELOPMENT

TABLE OF CONTENTS

	<u>Page</u>
RECITALS	1
ARTICLE I. DEFINITIONS	1
Articles or Articles of Incorporation	1
Association	1
Board of Trustees or Board	2
Bylaws	2
Common Area	2
Common Expenses	2
Common Expense Fund	2
Covenants and Restrictions	2
Declaration	2
Developer and Declarant	2
Dwelling Unit	2
Eligible Mortgagee	2
FHA	2
FNMA	2
First Mortgage	2
First Mortgagee	3
Lot	3
Manager	3
Member	3
Mortgage	3
Mortgagee	3
Owner	3
Plat	3
Project	3
Townhome Building	3
Townhome Building Exteriors	3
V.A.	3

ARTICLE II. PROPERTY DESCRIPTION	4
ARTICLE III. THE ASSOCIATION	4
Membership	4
Voting	5
Exercise of Voting Rights	5
Management of the Association	5
Amplification	5
ARTICLE IV. PROPERTY RIGHTS IN COMMON AREA AND LOTS	5
Easement of Enjoyment	5
Easements for Encroachments	5
Limitation on Easement	6
Party Walls	6
Form of Conveyancing	6
Transfer of Title	7
ARTICLE V. ASSESSMENTS	7
Agreement to Pay Assessments	7
Annual Assessments	7
Common Expense	8
Apportionment	8
Annual Budget	8
Notice and Payment	8
Inadequate Funds	9
Special Assessments	9
Uniform Rate of Assessment	9
Notice and Quorum for Any Action Authorized Under Sections 1 and 3	10
Lien for Assessments	10
Personal Obligation of Owner	10
Personal Liability of Purchaser	10
Reserves and Working Capital	11
Reserve Fund	11
Working Capital Fund	11
Evidence of Payment of Annual and Special Assessments	11
Amendment of Article	11
Sewer	11
ARTICLE VI. ARCHITECTURE CONTROL COMMITTEE	12
General Powers	12
Number and Tenure	12
Committee Meeting	12
Compensation	12
Resignation or Removal	12

ARTICLE VII. OPERATION AND MAINTENANCE	12
Maintenance of Dwelling Units	12
Operation and Maintenance by Association	12
Utilities	13
Insurance	13
Hazard Insurance	13
Liability Insurance	13
Fidelity Bonds	14
Insurance Trustees and General Requirements Concerning Insurance	14
Annual Review of Policies	15
ARTICLE VIII. DAMAGE OR DESTRUCTION	15
Association as Attorney-in-Fact	15
Definition of Repair and Reconstruction	15
Procedure	15
Notice to First Mortgagees	15
Estimate of Costs	16
Sufficient Insurance	16
Insufficient Insurance – Less than Seventy-Five Percent (75%) Destruction	16
Insufficient Insurance – Seventy Five Percent (75%) or More Destruction	16
Priority	17
Repair or Reconstruction	17
Disbursement of Funds for Repair and Reconstruction	17
Amendment of Article	17
ARTICLE IX. CONDEMNATION	17
Condemnation	17
Proceeds	18
Complete Taking	18
Partial Taking	18
Allocation of Award	18
Continuation and Reorganization	19
Repair and Reconstruction	19
ARTICLE X. TERMINATION	19
Required Vote	19
Termination Agreement	19
Sale of Project	19
Association Duties	20
Proceeds of Sale	20
ARTICLE XI. GENERAL USE RESTRICTIONS	20
Use of Common Area	20
Use of Lots and Dwelling Units	20
Dwelling Cost, Quality and Size	20
Exception for Developer	20
Leases	21

Easements	21
Nuisances	21
Animals	21
Dog Runs	21
Temporary and Other Structures	21
Unsightly Articles	22
No Further Subdividing	22
Signs	22
Fences	22
Overnight Parking	22
No Hazardous Activities	22
Repair of Buildings	23
Improvements and Alterations	23
Exemption for Developer	23
Rooftop Antennas	23
Access	23
Motorbikes and Similar Vehicles	23
Architectural Control	23
Mailboxes	23
Yard Lights	23
General Obligations	24
Compliance with Agreements	24
 ARTICLE XII. MISCELLANEOUS	 24
Notices	24
Rules and Regulations	24
Term	24
Amendment	24
Completion Obligation	25
Rights of Action	25
Developer's Rights Assignable	25
Interpretation	25
Covenants to Run With the Land	25
Lists of Owners and Eligible Mortgagees	26
Effective Date	26
FHA/VA Approval	26

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 27th day of October, 2003 by **Montana View, L.L.C.** (the "Declarant").

RECITALS:

A. The Declarant is the owner, in fee simple, of a certain tract of land in Draper City, Salt Lake County, Utah, more particularly described in Article II of this Declaration, which land Declarant wishes to develop as a planned unit development entitled MONTANA VIEW ESTATES, A PLANNED UNIT DEVELOPMENT, which land is hereinafter referred to as "Montana View Estates" or as "the Planned Unit Development" or as "the Property."

B. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Property and the interests therein conveyed and to establish thereon a planned unit development in accordance with the terms hereof.

C. The purpose of these Covenants, Conditions and Restrictions ("Covenants and Restrictions") is to establish, enhance and uphold the quality of the Planned Unit Development, and to support and preserve maximum property values for all property owners within the Planned Unit Development. To further these purposes, the Declarant and each Lot Owner, as hereafter defined, as the individual right, (but not any obligation) to enforce these Covenants and Restrictions against any violation (actual or prospective) by any means provided herein or by appropriate legal or equitable proceedings. The Declarant has no legal obligation to enforce these Covenants and Restrictions but may selectively act to further its own best interests. Any property owner within the subdivision has the right to retain legal counsel to enforce any of the Covenants and Restrictions.

D. Capitalized terms in this Declaration are defined in Article I.

NOW, THEREFORE, it is hereby declared that the Property shall be held, sold, conveyed, leased, rented, encumbered and used, subject to the following covenants, restrictions, reservations, limitations, and conditions, all of which shall constitute covenants which run with the land and shall be binding on and be for the benefit of the Declarant, its successors and assigns and all owners of all or any part of the Property, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, all as set forth herein.

ARTICLE I. DEFINITIONS

1. Articles or Articles of Incorporation shall mean and refer to the Articles of Incorporation of the Association which are being filed with the Utah State Department of Commerce, Division of Corporations and Commercial Code at or about the time these Covenants and Restrictions are filed for record.

2. Association shall mean and refer to the MONTANA VIEW ESTATES HOMEOWNERS ASSOCIATION, Inc., a Utah nonprofit corporation.

34-08-324-001-037
34-08-177-001-008

3. Board of Trustees or Board shall mean and refer to the governing board of the Association which shall be appointed or elected in accordance with the Covenants and Restrictions, the Articles of Incorporation and Bylaws of the Association.

4. Bylaws shall mean and refer to the Bylaws of the Association as amended from time to time.

5. Common Area shall mean and refer to that part of the Property which is not included within the Lots, including all roadways within the Project and all improvements other than utility lines now or hereafter constructed or located thereon. The Common Area to be owned by the Association prior to the time of the conveyance of the first Lot is described as follows: all of that real property described in Article II herein less and excepting Lots 1-44 of Montana View Estates, Planned Unit Development.

6. Common Expenses shall mean and refer to those costs and expenses arising out of or connected with the maintenance and operation of the Project and Association as described in Article V hereof and which determine the assessments made to Owners.

7. Common Expense Fund shall mean and refer to the fund created or to be created pursuant to the provisions of Article V of this Declaration and into which all monies of the Association shall be deposited. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the Common Expense Fund.

8. Covenants and Restrictions shall mean and refer to this Declaration of Covenants, Conditions and Restrictions of Montana View Estates, Planned Unit Development, as the same may hereafter be modified, amended, supplemented, or expanded in accordance with law and the provisions hereof.

9. Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions of Montana View Estates, Planned Unit Development, as the same may hereafter be modified, amended, supplemented, or expanded in accordance with law and the provisions hereof.

10. Developer and Declarant shall mean and refer to Montana View, L.L.C. and/or any successor thereof which, either by operation of law or through a voluntary conveyance, transfer, or assignment, comes to stand in the same relation to the Property (or a portion thereof) as did its predecessor.

11. Dwelling Unit shall mean and refer to a structure or portion of a structure which is designed and intended for use and occupancy as a single-family residence, together with all improvements located on the Lot concerned which are used in conjunction with such residence.

12. Eligible Mortgagee shall mean and refer to a First Mortgagee which has requested notice of certain matters from the Association.

13. FHA shall mean and refer to the Federal Housing Administration.

14. FNMA shall mean and refer to the Federal National Mortgage Association.

15. First Mortgage shall mean any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

16. First Mortgagee means any person named as a Mortgagee under a First Mortgage, or any successor to the interest of any such person under a First Mortgage, which First Mortgage is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

17. Lot shall mean and refer to any of the separately numbered and individually described parcels of land now or hereafter shown on the Plat. Except where the context specifically otherwise requires, reference to a Lot shall include reference to the Dwelling Unit constructed thereon. For the purposes of Article I, paragraph 23, the term "Lot" shall mean the footprint of the Dwelling Unit.

18. Manager shall mean and refer to the person, firm or company, if any, designated from time to time by the Association to manage, in whole or in part, the affairs of the Association and Project.

19. Member shall mean and refer to every person who holds membership in the Association.

20. Mortgage shall mean any mortgage, deed of trust, or other document pledging any portion of a Lot or interest therein as security for the payment of a debt or obligation.

21. Mortgagee shall mean a beneficiary of a Mortgage as well as a named Mortgagee.

22. Owner shall mean the person or persons, including the Developer, owning in fee simple, a Lot in the Project, as such ownership is shown by the records of the County Recorder of Salt Lake County, State of Utah. No Owner shall own any private property in the Project except the footprint of the Dwelling Unit. All remaining property shall be part of the Common Area. The term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has obtained title in fee simple to a Lot pursuant to a judicial or nonjudicial action, including, without limitation, a foreclosure proceedings or any deed or other arrangement in lieu of foreclosure) or to any person or persons purchasing a Lot under contract (until such contract is fully performed and legal title conveyed of record).

23. Plat shall collectively mean and refer to the subdivision plat of Montana View Estates, a Planned Unit Development, recorded in the office of the County Recorder of Salt Lake County, Utah.

24. Project shall mean and refer to the Property and the scheme of development and ownership of the Property created and governed by these Covenants and Restrictions, the Articles and the Bylaws. The Project is intended to be developed as Condominiums (attached townhomes) according to the Condominium Act of the State of Utah with a density of 44 Lots and 44 Dwelling Units (without limitation as to bedroom count for such Dwelling Units).

25. Townhome Building shall mean and refer to a structure containing two or more Dwelling Units, which Dwelling Units share a common wall, constituting a portion of the Project.

26. Townhome Building Exteriors shall mean and refer to those portions of the Townhome Buildings which are open to the elements such as roofs and exterior walls.

27. V.A. shall mean the Veterans Administration.

ARTICLE II. PROPERTY DESCRIPTION

The Property associated with the Project which is and shall be held, transferred, sold, conveyed, and occupied subject to the provisions of these Covenants and Restrictions consists of the following described real property situated in Salt Lake County, State of Utah:

BEGINNING at a point which is South 89°16'04" East 1452.695 feet and South 52.408 feet from the West quarter corner of Section 8, Township 4 South, Range 1 East, Salt Lake Base and Meridian and running thence North 20°23'09" East a distance of 134.436 feet; thence North 66°16'10" East a distance of 133.662 feet; thence South 68°40'03" East a distance of 55.220 feet; thence South 71°15'01" East a distance of 192.640 feet; thence South 39°07'08" East a distance of 140.026 feet; thence South 07°28'13" East a distance of 72.228 feet; thence South 33°39'05" West a distance of 80.673 feet; thence South 54°45'46" East a distance of 117.455 feet; thence North 57°31'50" East a distance of 98.071 feet; thence South 67°49'50" East a distance of 58.740 feet; thence South 22°07'03" East a distance of 79.611 feet to a point on the existing Traverse Ridge Road condemned property line; thence along said condemnation line the following 5 courses: (1) South 28°49'51" West a distance of 91.360 feet; (2) thence South 56°28'36" West a distance of 37.210 feet; (3) thence South 67°42'25" West a distance of 364.360 feet; (4) thence South 81°33'46" West a distance of 82.220 feet; (5) thence North 61°40'57" West a distance of 19.827 feet; thence leaving said condemnation line North 12° 14'50" West a distance of 177.144 feet; thence North 29°19'06" West a distance of 125.704 feet; thence North 50°32'45" East a distance of 79.696 feet; thence North 34°39'17" West a distance of 169.806 feet; thence North 68°33'02" West a distance of 79.489 feet to the point of BEGINNING.

TOGETHER WITH those easements set forth in the Declaration of Easement recorded June 14, 2000 as Entry No. 7660220, and in Grant of Easement recorded June 14, 2000 as Entry No. 7660221 of Official Records, subject to the terms hereof.

ARTICLE III. THE ASSOCIATION

1. Membership. Each Owner shall be entitled and required to be a Member of the Association. Membership will begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Lot is held by more than one person, the membership appurtenant to that Lot shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Lot is held. An Owner shall be entitled to one membership for each Lot owned by him. Each membership shall be appurtenant to the Lot to which it relates and shall be transferred automatically by conveyance of that Lot. Ownership of a Lot within the Project cannot be separated from membership in the Association appurtenant thereto, and any devise, encumbrance, conveyance or other disposition of such Lot shall automatically constitute a devise, encumbrance, conveyance or other disposition of the Owner's membership in the Association and rights appurtenant thereto. No person or entity other than an Owner may be a Member of the Association and membership in the Association may not be transferred except in connection with the transfer of a Lot. The Association shall make available to the Owners, Mortgagees and the holders, insurers and guarantors of the First Mortgage on any Lot current copies of the Declaration, Articles, Bylaws and other rules governing the Project and other books, records and financial statement of the Association. "Available"

shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

2. Voting. In order to ensure the uniform development and construction of the Project, the Developer shall retain all voting rights for the Association until Developer ceases to own any Lots in the Project. Thereafter, each Member shall be entitled to one vote. If title to a Lot is held by more than one person, the membership is shared and one vote shall be exercised as such Owners may determine among themselves. No Lot shall have more than one vote.

3. Exercise of Voting Rights. In the event that there is more than one Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. No Lot shall have more than the votes described in Section 2 above regardless of the number of persons having an ownership interest in the Lot. A vote cast at any Association meeting by any of such Owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Lot concerned unless an objection is immediately made by another Owner of the same Lot. In the event such objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

4. Management of the Association. The Association shall be managed as provided in the Bylaws, i.e., through the active participation of the Board of Trustees and the Members. In addition, the Association may carry out those of its functions which are properly the subject of delegation through a professional Manager. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association. The Manager shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself. Any such management agreement executed at or before the time the Developer ceases to own any Lots may be terminated by the Association without cause at any time after the Developer ceases to own any Lots. The above term and termination provisions shall not apply to any other types of service contracts.

5. Amplification. The provisions of this Section may be amplified by the Articles and the Bylaws; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the Owners set forth in these Covenants and Restrictions.

ARTICLE IV. PROPERTY RIGHTS IN COMMON AREA AND LOTS

1. Easement of Enjoyment. Each Member shall have a right and easement of use and enjoyment in and to the Common Area. Each owner shall have an unrestricted right of ingress and egress to and from its Lot over and across such Common Area. Such right and easement shall be appurtenant to and shall pass with title to each Lot and in no event shall be separated therefrom. Any Member may delegate the right and easement of use and enjoyment described herein to any family members, household guest, tenant, lessee, contract purchaser, or other person who resides on such Member's Lot.

2. Easements for Encroachments. In the event the construction, reconstruction, repair, shifting, settlement or any other movement of any portion of the improvements causes any part of a Dwelling Unit built in substantial accord with the boundaries for such Dwelling Unit as depicted on the Plat to encroach upon the Common Area, or upon an adjoining Lot, or if any part of the Common Area

encroaches or shall encroach upon a Lot of a Dwelling Unit for any such reasons, an easement for such encroachment and for the maintenance of the same shall and does exist.

3. Limitation on Easement. A Member's right and easement of use and enjoyment concerning the Common Area shall be subject to the following:

a. The right of the Association to suspend a Member's voting right in the Association and a Member's right to the use of any recreational facilities included in the Common Area for any period during which (i) an assessment on such Member's Lot remains unpaid; (ii) for a period not exceeding sixty (60) days for any infraction by such Member of the provisions of this Declaration, the Master Declaration or of any rule or regulation promulgated by the Association or Master Association; and (iii) for successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period;

b. The right of the Association and Master Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the Common Areas;

c. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association. No such dedication or transfer shall be effective unless an instrument signed by the Owners of sixty-seven percent (67%) of the memberships in each class of Members agreeing to such dedication or transfer has been recorded, except that the Board shall have authority to transfer to such public agencies, authorities or utilities, permits, licenses, easements and rights-of-way which are intended to benefit the Project and which do not have any substantial adverse affect on the enjoyment of the Common Area by the Members;

d. The right of Draper City and any other governmental or quasi-governmental body having jurisdiction over the Property to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within the Property for purposes of providing police and fire protection, transporting school children; and providing other governmental or municipal service.

4. Party Walls. In the event two or more Dwelling Units share a common wall or a party wall then the following paragraph applies. Each wall which is built as part of the original construction (or reconstruction) of the Dwelling Units upon the Lots and places on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners who make use of the wall. If a party wall is destroyed or damages by fire or other casualty, the provisions of Article VIII hereof shall apply. Notwithstanding any other provision of this Section 4 of Article IV, an Owner who by his negligent or willful act causes a party wall to be damaged shall bear the entire cost of furnishing repairs to the party wall. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title. In the event of any dispute arising concerning a party wall, or under the provisions of this Section, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall by a majority of all the arbitrators.

5. Form of Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering title to a Lot may describe the interest or estate involved substantially as follows:

Lot No. ____ contained within Montana View Estates, a Planned Unit Development, together with all improvements located thereon, as said Lot is identified in the Plat of said development and in the "Declaration of Covenants, Conditions and Restrictions of Montana View Estates," both recorded in the Recorder's Office of Salt Lake County, State of Utah. TOGETHER WITH a right and easement of use and enjoyment in and to the Common Area described, and as provided for, in said Declaration of Covenants, Conditions and Restrictions.

Whether or not the description employed in any such instrument is in the above specified form, however, all provisions of these Covenants and Restrictions shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot.

6. Transfer of Title. The Developer shall cause the conveyance to the Association of title to the Common Area free and clear of all liens (other than the lien of current general taxes and the lien of any assessments, charges, or taxes imposed by governmental or quasi-governmental authorities), before the closing of the first sale of a Lot within the development so long as all improvements to such Common Area required by Draper City have been constructed and approved by Draper City or so long as adequate financial assurances for such improvements have been provided, satisfactory to Draper City. The Association shall not lease the Common Area or any portion thereof to a third party.

ARTICLE V. ASSESSMENTS

1. Agreement to Pay Assessments. The Developer for each Lot owned by it within the Project and each Owner of any Lot by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association to pay the Association all assessments made by the Association for the purposes provided in these Covenants and Restrictions. Such assessments shall be fixed, established and collected from time to time as provided in this Article V. In any event, all Lots shall be allocated the then applicable assessments upon conveyance of the first Lot. Notwithstanding anything contained herein to the contrary, until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Hundred Dollars (\$100.00) per Lot.

a. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership.

b. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten percent (10%) by a vote of sixty-seven percent (67%) of the votes (determined in accordance with Section 3 of Article III) of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

c. The Board may fix the annual assessment at an amount not in excess of the maximum.

2. Annual Assessments. Annual assessments shall be computed and assessed against all Lots in the Project as follows:

a. Common Expense. Annual Assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Area, the maintenance an operation of all streets and roads within the Project and furnishing common utility services and other common items to the Dwelling Units. Such estimated expenses may include, without limitation, the following: expenses of management; real property taxes and special assessments (unless and until the Lots are separately assessed); premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Association employees, including fees for a Manager; utility charges, including charges for utility services to the Dwelling Units to the extent not separately metered or billed; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance repairs, and replacement of those portions of the Common Area and streets and roads that must be repaired or replaced on a periodic basis; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of these Covenants and Restrictions. Such shall constitute the Common Expense, and all funds received from assessments under this Section 2(a) shall be part of the Common Expense Fund. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the Common Expense Fund.

b. Apportionment. Common Expenses shall be apportioned among and assessed to all Lots and their Owners equally. The Developer shall be liable for the amount of any assessments against Lots owned by it.

c. Annual Budget. Annual assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin on the date of this Declaration, and, on or before December 1 of each year thereafter, the Board of Trustees shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated expenses of Common Expense for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the annual assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such annual period.

d. Notice and Payment. Except with respect to the first fiscal year, the Board of Trustees shall notify each Owner in writing as to the amount of the annual assessment against his or her Lot on or before December 1 each year for the fiscal year beginning on January 1 next following. Except as otherwise provided by the Board, each annual assessment shall be payable in twelve equal monthly installments, one such installment due on the first day of each calendar month during the fiscal year to which the assessment relates; provided, however, the annual assessment for the first fiscal year shall be based upon such portion of the first fiscal year. All unpaid installments of any annual assessment shall bear interest at the rate established by the Board not to exceed eighteen percent (18%) per annum from fifteen (15) days after the date each such installment became due until paid. In addition, in the event that any installment of the annual assessment is not paid within fifteen (15) days of the date such installment becomes due, the Association may, at its option, and upon fifteen (15) days prior written notice to the Owner, accelerate the due date for all remaining unpaid installments of the annual assessment for the remainder of the fiscal year and all accrued but unpaid interest thereon. Payment of the annual assessment installments to accelerated shall be due at the expiration of said fifteen (15) day notice period and interest shall accrue on the entire sum at the rate established by the Board not to exceed eighteen percent (18%) per

annum from such date until paid in full. The failure of the Board of Trustees to give timely notice of any annual assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of these Covenants and Restrictions, or a release of any Owner from the obligation to pay such assessment or any other assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such assessment shall have been given to the Owner in the manner provided in these Covenants and Restrictions.

e. Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Owner's assessment, the Board of Trustees may, on behalf of the Association, levy additional assessments in accordance with the procedure set forth in Article V Section 3 below, except that the vote therein specified shall be unnecessary.

3. Special Assessments. In addition to the annual assessments authorized by this Article, the Board of Trustees, may, on behalf of the Association, levy special assessments, at any time and from time to time, upon the affirmative vote of at least sixty-seven percent (67%) of each class of Members who are voting in person or by proxy at a meeting called for such purpose, payable over such periods as the Board of Trustees may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration (including, without limitation, Common Expenses). This section shall not be construed as an independent source of authority for the Association to incur expenses but shall be construed to prescribe the manner of assessing for expenses authorized by other sections or articles herein. Any amounts assessed pursuant hereto shall be assessed to Owners equally. Notice in writing of the amount of each special assessment and the time for payment thereof shall be given promptly to the Owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any special assessment shall bear interest at the rate established by the Board not to exceed eighteen percent (18%) per annum from the date such portions become due until paid. All funds received from assessments under this section shall be part of the Common Expense Fund. In connection with any such special assessment, Owners qualifying for paying only twenty-five percent (25%) of the annual assessment attributable to their memberships pursuant to Section 4 below shall also be required to pay only twenty-five percent (25%) of the special assessment otherwise attributable to each such membership. The provisions of this Section are not intended to preclude or limit the assessment, collection or use of annual assessments for the aforesaid purposes.

4. Uniform Rate of Assessment. The amount of any annual or special assessment against each Lot shall be fixed at a uniform rate per membership, except that the Owner of a Lot shall pay only twenty-five percent (25%) of the annual assessment attributable to his membership until completion of the first Dwelling Unit on the Lot and occupancy of such Dwelling Unit. If the Owner of a Lot ceases to qualify for the reduced twenty-five percent (25%) rate during the period to which an annual assessment is attributable, the assessment attributable to the membership shall be prorated between the applicable rates on the basis of the number of days in the period that the Owner qualified for each rate. Annual assessments may be collected on a monthly basis and special assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Members of the Association approving the special assessment. So long as the Developer qualifies for the reduced assessment rate with respect to the Lots which it owns, if the assessments for any fiscal year of the Association shall fail to equal or exceed the actual expenses incurred by the Association during any such fiscal year because of the Developer's right to pay reduced assessments, then the Developer shall pay to the Association a sufficient amount, up to the amount for that fiscal year of the full assessment for each Lot owned by Developer to meet any such deficit,

so long as a written notice of such deficit is given by the Association to the Developer within sixty (60) days following the termination of the fiscal year for which the assessment is made.

5. Notice and Quorum for Any Action Authorized Under Sections 1 and 3. Written notice of any meeting called for the purpose of taking any action authorized under Sections 1 or 3 of this Article shall be sent to all Members no less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes (exclusive of suspended voting rights) of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

6. Lien for Assessments. All sums assessed to Owners of any Lot within the Project pursuant to the provisions of this Article V, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Lot in favor of the Association. To evidence a lien for sums assessed pursuant to this Article V, the Board of Trustees may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Lot and a description of the Lot together with any other notices required to be given to owners of owner-occupied residences under Title 57 of the Utah Code Annotated (1953, as amended). Such a notice shall be signed and acknowledged by a duly authorized officer of the Association and may be recorded in the office of the County Recorder of Salt Lake County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or judicial foreclosure of deeds of trust or mortgages or in any other manner permitted by law. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorney's fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Lot which shall become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Trustees shall have the right and power in behalf of the Association to bid in at any foreclosure sale and to hold, lease, mortgage or convey the subject Lot in the name of the Association.

7. Personal Obligation of Owner. The amount of any annual or special assessment against any Lot shall be the personal obligation of the Owner of such Lot to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Area or by abandonment of his Lot or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment of unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

8. Personal Liability of Purchaser. The personal obligation of an Owner to pay unpaid assessments against his Lot as described in Section 7 of this Article V shall not pass to successors in title unless assumed by them. Provided, however, a lien to secure unpaid assessments shall not be affected by the sale or transfer of the Lot unless foreclosure by a First Mortgagee is involved in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying further assessments.

9. Reserves and Working Capital. The Association shall establish the following funds:

a. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the improvements to the Common Area which the Association may be obligated to maintain, repair or replace. The reserve fund shall be maintained out of regular assessments for Common Expenses.

b. Working Capital Fund. The Developer shall establish and maintain for the Project, a working capital fund equal to at least two monthly installments of the annual assessment for each Lot. Each Lot's share of the working capital fund must be collected and transferred to the Association at the time of the closing of sale of that Lot. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Lot shall be paid by the Developer to the Association within sixty (60) days after the date of the conveyance of the first Lot in the Project, or any phase thereof. With respect to each Lot for which the Developer pays the contribution to the working capital fund, Developer shall be reimbursed for such contribution by the purchaser of such Lot at the time the closing of the sale to such purchaser. The working capital fund must be maintained in a segregated account for the use and benefit of the Association. The purpose of the working capital fund is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Association. Amounts paid into the working capital fund are not to be considered advance payments of any regular assessment. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners. The Developer shall not use the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

10. Evidence of Payment of Annual and Special Assessments. Upon receipt of a written request by a Member or any other person, the Association within a reasonable period of time thereafter shall issue to such Member or other person a written certificate stating (a) that all annual and special assessments (including interest, costs and attorney's fees, if any, as provided in Section 2 above) have been paid with respect to any specified Lot as of the date of such certificate, or (b) if all annual and special assessments have not been paid, the amount of such annual and special assessments (including interest, costs and attorney's fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bon fide purchaser of, or Mortgagee on, the Lot in question.

11. Amendment of Article. This Article V shall not be amended unless Owners entitled to vote at least seventy-five percent (75%) of the votes of each class of Members consent and agree to such amendment and the Association reflects such consent and agreement in an instrument executed and recorded in accordance with the terms of this Declaration.

12. Sewer. The Association does not own, operate or maintain any sewer laterals located on the Plat, said sewer laterals having been dedicated to Draper City Water. Each Lot will therefore be billed separately for water and sewer.

ARTICLE VI. ARCHITECTURE CONTROL COMMITTEE

1. **General Powers.** The Architecture Control Committee (hereafter "Committee") shall be responsible for overseeing and enforcing the design and development of new Dwelling Units within the Project. The Committee shall have authority to promulgate and enforce reasonable rules and procedures as necessary or desirable to aid the Committee in carrying out any of its functions provided that no such amplification shall substantially alter or amend any of the rights or obligations of the Owners set forth in the Covenants and Restrictions. The Committee shall report to the Board.

2. **Number and Tenure.** The initial Committee shall be comprised of the Developer and two of its assigns. At such time that all Lots owned by the Developer are transferred or conveyed, the Developer and its assigns shall be released from the responsibility of the Committee and replaced by three Members of the Association who are appointed by the Board. Thereafter, the Board shall appoint Members of the Association to the Committee if any Committee Members retire or resign.

3. **Committee Meeting.** The Committee shall meet as often as necessary or desirable to carry out any of its functions.

4. **Compensation.** The Committee Members shall serve without compensation, provided that reasonable expenses incurred in the performance of their duties may be reimbursed by the Association.

5. **Resignation or Removal.** Committee Members may resign at any time. If the Developer controls the Committee, the Developer shall assign a new Committee Member. If the Association controls the Committee, the Board shall appoint a Member of the Association as a Committee Member. Committee Members, except the Developer and its assigns, may be removed at any time by an affirmative vote of the Members at an Annual Meeting or Special Meeting called for that purpose.

ARTICLE VII. OPERATION AND MAINTENANCE

1. **Maintenance of Dwelling Units.** The interior of each Dwelling Unit shall be maintained by the Owner thereof so as not to detract from the appearance of the Property and so as not to affect adversely the value or use of any other Dwelling Unit or Lot. As part of this maintenance, Owner shall also maintain and repair windows and window screens. The Association shall have no obligation regarding maintenance or care of Dwelling Units or Lots except as set forth in Section 2 of this Article VII or elsewhere in these Covenants and Restrictions. The Association shall have a right of entry on any Dwelling Unit to perform emergency repairs or do other work necessary for maintenance of the Dwelling Unit exteriors or Townhouse Building Exteriors.

2. **Operation and Maintenance by Association.** The Association shall be responsible for the maintenance and repair of the Townhome Building Exteriors (except windows and window screens), other improvements and grounds, including without limitation painting thereof, repair and replacement of exterior trim, roofs and fences, maintenance of landscaping, walkways, driveways, and parking areas. The Association shall also provide for such maintenance and operation of the Common Area (which includes all roadways within the Project), including, but not limited to landscaping, snow removal, and repair and maintenance and as may be necessary or desirable to make the Common Area and all streets and roads within the Project appropriately usable in conjunction with the Lots and to keep them clean, functional,

attractive and generally in good condition and repair. The expenses incurred by the Association for such purposes shall be paid for with funds from the Common Expense Fund.

3. Utilities. The Owner shall pay for all utility services furnished to each Lot except utility services which are not separately billed or metered to individual Lots by the utility or other party furnishing such service. The Association shall pay such bills which are not separately metered and charge an appropriate share to each Lot and Owner.

4. Insurance. The Association and each Owner respectively, as the case may be, shall maintain in force at all times insurance meeting the following requirements:

a. Hazard Insurance. Each Owner shall maintain in force at all times a homeowner's insurance policy covering the Owner's respective Dwelling Unit, fixtures and personal property, which homeowner's insurance is of a class typically required by Mortgages held by FNMA or other similar institutional Mortgage investors. As a minimum, such policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to homes similar to the Dwelling Unit in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk" endorsement, where such endorsement is available. Such homeowner's policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Dwelling Unit covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage. The insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the costs) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one hundred percent of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance).

b. Liability Insurance. The Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Common Area, public ways in the Project, if any, all other areas of the Project that are under the Association's supervision, and commercial spaces owned by the Association, if any, whether or not such spaces are leased to some third party. The coverage limits under such policy shall be in amounts generally required by private institutional Mortgage investors for projects similar to the Project in construction, location, and use. Nevertheless, such coverage shall be for at least One Million Dollars (\$1,000,000.00) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Area, and legal liability arising out of lawsuits related to employments contracts of the Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location, and use, including but not limited to (where economically feasible and if available), host liquor liability, contractual and all-written contract insurance, employers liability insurance, and comprehensive automobile liability insurance. If such policy does not include "severability of interest" in its terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Association or any other Owner. Such policy shall provide that it may not be canceled or substantially modified, by any party, without at

least ten (10) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in such policy. The maximum deductible amount for such a policy covering the Common Area shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount.

c. Fidelity Bonds. At all times after Developer ceases to own any Lots, the Association shall maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to a Manager, the Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association, or the Manager, as the case may be, at any given time during the term of each bond. A lesser amount of fidelity insurance coverage is acceptable for the Project so long as the Association and the Manager adhere to the following financial controls: (1) The Association or the Manager maintains separate bank accounts for the working account and the reserve account, each with appropriate access controls, and the bank in which funds are deposited send copies of the monthly bank statements directly to the Association; (2) the Manager maintains separate records and bank accounts for each Association that uses its services and the Manager does not have authority to draw checks on or to transfer funds from the Association's reserve account; or (3) two members of the Board must sign any checks written from the reserve account. Nevertheless, in no event may the amount of such bonds be less than the sum equal to three months' aggregate assessments on all Lots. The bonds required shall meet the following additional requirements: (1) the fidelity bonds shall name the Association as obligee; (2) the bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions; (3) the premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by the Manager for its officers, employees and agents) shall be paid by the Association as part of the Common Expenses; and (4) the bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association, to any Insurance Trustee, and to each servicer of loans on behalf of FNMA.

d. Insurance Trustees and General Requirements Concerning Insurance. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance required to be maintained by the Association, there may be named as an insured on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance for the Association. Each Owner hereby appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance on behalf of the Association, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or any Insurance Trustee, shall receive,

hold, or otherwise properly dispose of any process of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear.

Each insurance policy maintained pursuant to the foregoing Sections (a), (b) and (c) shall be written by an insurance carrier which is licensed to transact business in the State of Utah. No such policy shall be maintained where: (1) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a Mortgagee, the Board, the Association, FNMA, or the designee of FNMA; (2) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Board, the Association, an Owner, or FNMA) from collecting insurance proceeds. The provisions of this Section (e) and of the foregoing Sections (a), (b), (c) and (d) shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association may deem appropriate from time to time.

e. Annual Review of Policies. All of the Association's insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Project which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of these Covenants and Restrictions.

ARTICLE VIII. DAMAGE OR DESTRUCTION

1. Association as Attorney-in-Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from the Developer, or from any Owner shall constitute an appointment by said grantee of the Association as his or her attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted. All insurance proceeds shall be payable to the Association except as otherwise provided in these Covenants and Restrictions.

2. Definition of Repair and Reconstruction. Repair and reconstruction of the improvements as used herein means restoring the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Dwelling Unit and the Common Area having substantially the same vertical and horizontal boundaries as before.

3. Procedure. In the event all or any part of the Project is damaged or destroyed, the Association shall proceed as follows:

a. Notice to First Mortgagees. The Association shall give timely written notice to any holder of any First Mortgage on the Common Area who requests such notice in writing in the event of substantial damage to or destruction of any part of the Common Area subject to such First Mortgage. In addition, each Owner affected by the damage or destruction shall give timely written notice to any holder of any First Mortgage on his or her respective Lot who requests such notice in writing.

b. Estimate of Costs. As soon as practicable after an event causing damage to or destruction of any part of the Project, the Association and each individual Owner affected by the damage or destruction shall obtain complete and reliable estimates of the costs to repair and reconstruct the part of the Project damaged or destroyed for which the individual Owners and the Association are respectively responsible (i.e., the Owners shall obtain estimates for their Dwelling Units and the Association shall obtain estimates for the Common Area).

c. Sufficient Insurance. If the proceeds of the insurance maintained by the Association and the individual Owners equal or exceed the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, such repair and reconstruction shall be carried out.

d. Insufficient Insurance – Less than Seventy-Five Percent (75%) Destruction. If the proceeds of the insurance maintained by the Association and the individual Owners are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than seventy-five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Association shall levy a special assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such special assessment shall be allocated and collected as provided in Article V Section 3 herein, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

e. Insufficient Insurance – Seventy Five Percent (75%) or More Destruction. If the proceeds of the insurance maintained by the individual Owners and the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if seventy-five percent (75%) or more of the Project is damaged or destroyed, such damage or destruction shall be repaired and reconstructed, but only if within one hundred (100) days following the damage or destruction, Owners entitled to vote at least seventy-five percent (75%) of the votes of each class of Members vote to carry out such repair and reconstruction. If, however, the Owners do not, within one hundred (100) days after such damage or destruction, elect by a vote of at least seventy-five percent (75%) of the votes of each class of Members to carry out such repair and reconstruction but rather elect to terminate the Project and if eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by eligible Mortgagees approve such termination, the Association shall record in the office of the County Recorder of Salt Lake County, State of Utah, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

- i. the Project shall be deemed to be owned in common by the Owners;
- ii. Each Owner shall own an equal undivided interest in the Project owned in common;
- iii. Any liens affecting any of the Lots shall be deemed to be transferred, in accordance with the existing priorities, to the undivided interest of the respective Owner in the Project; and
- iv. The Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the

net proceeds of the insurance of the Project, if any, shall be considered as one fund and shall be divided among all Owners after first paying out of the respective share of each Owner, to the extent sufficient for the purposes, all liens on the undivided interest in the Project owned by such Owner. The division of funds shall be based on the fair market values of the Lots and Dwelling Units immediately prior to the damage or destruction, and the Owners shall divide said fund based upon the relative value of the Lots and Dwelling Units prior to the damage or destruction.

f. Priority. In no event shall an Owner of a Lot or any other party have priority over the holder of any First Mortgage on such Lot with respect to the distribution to such Lot of any insurance proceeds.

4. Repair or Reconstruction. If the damage or destruction is to be repaired or reconstructed as provided above, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed for which the Association is responsible. The Association may take all necessary or appropriate action to effect repair and reconstruction, as attorney-in-fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Dwelling Unit and the Common Area having the same vertical and horizontal boundaries as before. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with these Covenants and Restrictions and the original architectural plans and specifications.

5. Disbursement of Funds for Repair and Reconstruction. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from assessments made pursuant to Section 3(d) of this Article VIII shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners equally.

6. Amendment of Article. This Article VIII shall not be amended unless Owners entitled to vote at least seventy-five percent (75%) of the votes of each class of Members consent and agree to such amendment and such consent and agreement is reflected in an instrument duly executed by the Association and recorded in accordance with the provisions of these Covenants and Restrictions.

ARTICLE IX. CONDEMNATION

1. Condemnation. If at any time or times all or any part of the Project shall be taken or condemned by any public authority under power of eminent domain, the provisions of this article shall apply. A voluntary sale or conveyance of all or any part of the Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain. If any Lot or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Board of Trustees shall give prompt written notice of any such proceeding or proposed acquisition to each Owner in the Project and to any First Mortgagee who has requested in writing notice thereof. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements

with the condemning authority for acquisition of the Common Area, or any part thereof, and each Owner hereby appoints the Association as such Owner's attorney-in-fact for the purposes of such representation.

2. Proceeds. All compensation, damages and other proceeds from any such taking by power of eminent domain (hereinafter the "condemnation award") shall be made payable to the Association and shall be distributed by the Board of Trustees, on behalf of the Association as herein provided.

3. Complete Taking. In the event the entire Project is taken by power of eminent domain, ownership pursuant hereto shall terminate and the condemnation award shall be allocated among and distributed to the Owners and the Owners shall divide the condemnation award based upon the relative values of the Lots and Dwelling Units immediately prior to the condemnation. Such distribution shall be made by check payable joint to the respective Owners and their respective Mortgagees, as appropriate.

4. Partial Taking. In the event less than the entire Project is taken by power of eminent domain, the following shall occur:

a. Allocation of Award. As soon as practicable, the Board of Trustees shall, on behalf of the Association, reasonably and in good faith, apportion the condemnation award between compensation, severance damages or other proceeds and shall allocated such apportioned amounts and pay the same to the Owners as follows:

i. The total amount apportioned to taking of or injury to the Common Area shall be allocated among and distributed to all Owners (including Owners whose entire Lots have been taken).

ii. The total amount apportioned to severance damages shall be allocated among and distributed equally to the Owners of those Lots that have not been taken.

iii. The respective amounts apportioned to the taking of or injury to a particular Lot shall be allocated and distributed to the Owner of such Lot.

iv. The total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances.

v. If apportionment or allocation is already established by negotiation, judicial decree, statute or otherwise, the Association shall employ such apportionment and allocation to the extent it is relevant and applicable.

vi. Distribution of allocated proceeds shall be made by check payable jointly to individual Owners and their respective Mortgagees, as their interests may appear.

vii. No provision of this Article IX or any other provision of these Covenants and Restrictions, the Articles or the Bylaws shall entitle the Owner of a Lot or other party to priority over any First Mortgagee holding such Lot with respect to the distribution to such Lot of the proceeds of any award, settlement or proceeds from any eminent domain or condemnation proceeding.

b. Continuation and Reorganization. If less than the entire Project is taken by power of eminent domain, ownership pursuant hereto shall not terminate but shall continue. In such event the Project shall be reorganized as follows:

i. If any partial taking results in the taking of an entire Lot, then the Owner thereof shall cease to be a member of the Association and all voting rights shall terminate;

ii. If any partial taking results in the taking of a portion of a Lot, the voting rights appertaining to such Lot shall continue.

iii. If any partial taking results in the taking of a portion of a Lot and if there is a determination made by the Board of Trustees, after duly considering any recommendations, proposals, or other input from the Owners, that such taking makes it impractical to use the remaining portion of such Lot, then all voting rights terminate and the remaining portion of such Lot shall thenceforth be part of the Common Area.

iv. The Board of Trustees, after duly considering any recommendations, proposals or other input from the Owners, shall have the duty and authority to make all determinations and to take all actions necessary or appropriate to effectuate reorganization of the Project under the provisions of this Section VIII 4(b); provided, however, that if any such determination shall have been or such action take by judicial decree, the Board of Trustees shall defer thereto and proceed in accordance therewith.

c. Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by the provisions specified in Article VIII hereof for cases of Damage or Destruction; provided, however, that the provisions of said article dealing with sufficiency or insufficiency or insurance proceeds shall not be applicable.

ARTICLE X. TERMINATION

1. Required Vote. Except as otherwise provided in Articles VIII and IX, the Project may be terminated only by agreement of Owners entitled to vote at least seventy-five percent (75%) of the votes of each class of Members.

2. Termination Agreement. An agreement to terminate shall be evidenced by the execution or ratification of a termination agreement, in the same manner as a deed, by the requisite number of Owners. Such an agreement to terminate shall also be approved by eligible Mortgagees who represent at least sixty-seven percent (65%) of the votes of Lots subject to First Mortgages held by eligible Mortgagees. Such approval (and any other approval related to an amendment to this Declaration) shall be deemed given when an eligible Mortgagee fails to submit a response within thirty days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested. The termination agreement shall specify a date after which the agreement will be void unless it is recorded before that date. A termination agreement, including all ratifications of such termination agreement, shall be recorded in Salt Lake County, State of Utah and is effective only on recordation.

3. Sale of Project. A termination agreement may provide that all the Project shall be sold following termination. If, pursuant to the agreement, any real estate in the Project is to be sold following termination, the termination agreement shall set forth the minimum terms of the sale.

4. Association Duties. The Association, on behalf of the Owners, may contract for the sale of real estate in the Project, but the contract is not binding on the Owners until approved pursuant to Sections 1 and 2 above. If any real estate in the Project is to be sold following termination, title to that real estate on termination vests in the Association as trustee for all Owners. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds of the sale distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to Owners and Mortgagees as their interests may appear, based on the relative value of each Lot and Dwelling Unit. Unless otherwise specified in the termination agreement, as long as the Association hold title to the real estate, each Owner and their successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted their Lot in accordance with the terms of these Covenants and Restrictions. During the period of that occupancy right, each Owner and their successors in interest remain liable for all assessments and other obligations imposed on Owners by these Covenants and Restrictions.

5. Proceeds of Sale. Following termination of the Project, the proceeds of any sale of real estate, together with the assets of the Association, shall be held by the Association as trustee for Owners and Mortgagees as their interests may appear. Following termination, mortgagees holding Mortgages on the Lots which were recorded before termination may enforce those liens in the same manner as any lienholder.

ARTICLE XI. GENERAL USE RESTRICTIONS

1. Use of Common Area. The Common Area shall be used only in a manner consistent with their community nature and with the use restrictions applicable to Lots and Dwelling Units. No admission fees, charges for use, leases, or other income generating arrangement of any type shall be employed or entered into with respect to any portion of the Common Area. Provided, however, vending machines and similar devices approved by the Board may be made available within the Common Area.

2. Use of Lots and Dwelling Units. All Lots are intended to be improved with Dwelling Units and are restricted to such use. Each Dwelling Unit shall be used only as a single-family residence. No Lot or Dwelling Unit shall be used, occupied, or altered in violation of law, so as to jeopardize the support of any other Dwelling Unit, so as to create a nuisance or interfere with the rights of any Owner, or in any way which would result in an increase in the cost of any insurance covering the Common Area or Dwelling Units.

3. Dwelling Cost, Quality and Size. All Dwelling Units shall be of a quality of workmanship and materials substantially the same as, or better than, the Dwelling Units designed and constructed or to be constructed by the Developer. All Dwelling Units shall be constructed in accordance with the provisions of the Amended Development Agreement for the South Mountain Development, where applicable. All Dwelling Units shall be at least 2,200 square feet in size and no taller than two and one-half stories. The exteriors of all Dwelling Units shall be constructed of stucco and stone. No Dwelling Unit exterior shall be constructed with or incorporate bricks of any kind.

4. Exception for Developer. Notwithstanding the restrictions contained in Sections 1 and 2 of this Article XI, for the twenty (20) year period following the date on which these Covenants and Restrictions are filed for record in the office of the County Recorder of Salt Lake County, Utah, Developer

shall have the right to use any Lot or Dwelling Unit owned by it, and any part of the Common Area reasonably necessary or appropriate, in furtherance of any activities designed to accomplish or facilitate improvement of the Common Area or improvement and/or sale of all Lots owned by Developer. Developer shall have the right to maintain one or more sales offices and/or model Dwelling Units. Such offices and/or model Dwelling Units may be located in any Dwelling Unit owned by it, or in one or more separate structures or facilities placed upon the Property for the purpose of aiding the Developer's sales efforts, or any combination of the foregoing. Developer shall also have the right to maintain a reasonable number of promotional, advertising, and/or directional signs, banners, or similar devices at any pace or places on the Property. Developer shall have the right from time to time to locate or relocate any of its sales offices, model Dwelling Units, and/or signs, banners or similar devices.

5. Leases. Any lease agreement between an Owner and a lessee respecting a Lot or Dwelling Unit shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws and any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such lease agreements shall be in writing. No Lot or Dwelling Unit may be leased for less than thirty (30) days. Other than the foregoing, there is no restriction on the right of any Owner to lease his Lot or Dwelling Unit. An Owner shall be responsible and liable for any damage to the Project caused by its tenant.

6. Easements. Easements for installation and maintenance of utilities are reserved as shown on the Plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities. Easements for the installation and maintenance of utilities are also reserved within each Dwelling Unit. It is contemplated that air conditioning lines, telephone, gas, electricity and other utilities may originate in one Dwelling Unit and terminate in another Dwelling Unit. A right of access to all such utilities is reserved to the Association and to all utility suppliers.

7. Nuisances. No rubbish or debris of any kind shall be place or permitted to accumulate upon the Property and no odors shall be permitted to arise therefrom so as to render any part of the Property unsanitary or unsightly or which would be offensive or detrimental to any other part of the Property or to the occupants thereof. No noise or other nuisance shall be permitted to exist or operate upon any part of the Property so as to be offensive or detrimental to any other part of the Property, or to the occupants thereof. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells or other sound devised (other than security devices used exclusively for security purposes) shall be located, used or placed on the Property without the prior written approval of the Board.

8. Animals. Each Owner may keep up to a maximum of two (2) pets, including dogs (not to exceed 12 lbs. each), cats or other household pets (except as otherwise determined by the Association in its sole and exclusive subjective discretion) provided that the pets are not kept, bred or maintained for any commercial purpose. No other animals of any kind shall be raised, bred or kept. Such animals as are permitted shall be strictly controlled an kept pursuant to the ordinances of Draper City, if such ordinances cover animal control. The keeping of farm animals is prohibited.

9. Dog Runs. No dog runs may be constructed or maintained on any Lot.

10. Temporary and Other Structures. No trailer, basement house, tent, shack, garage, barn, structures of a temporary nature or other outbuildings shall be used at any time as a residence either

temporarily or permanently, nor shall said structures be permitted on the Property at any time. No old or secondhand structures shall be moved onto any Lot, it being the intention hereof that all Dwelling Units erected on Lots or within the Property shall be new construction of good quality, workmanship and material.

11. Unsightly Articles. No unsightly articles shall be permitted to remain on a Lot so as to be visible from any other Lot or the Common Area. Without limiting the generality of the foregoing, trailers, mobile homes, trucks other than pickup trucks, boats tractors, vehicles other than automobiles, campers not on a truck, snowmobiles, snow removal equipment and garden or maintenance equipment shall be kept at all times, except when in actual use, in an enclosed structure or screened from view. Refuse, garbage and trash shall be kept at all times in a covered, noiseless container and any such container shall be kept within an enclosed structure or appropriately screened from view. Service areas, storage piles, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view. No lumber, grass, shrub or tree clippings or plant waste, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any Lot except within an enclosed structure or when appropriately screened from view.

12. No Further Subdividing. No Lot or Common Area may be further subdivided, nor may any easement or other interest therein less than the whole be conveyed by the Owner thereof without the prior written approval of the Association; provided, however, that nothing herein shall be deemed to prevent or require the approval of the Association for the transfer or sale of any Lot or Dwelling Unit to more than one person to be held by them as tenants in common, joint tenants, or otherwise.

13. Signs. No sign of any kind shall be displayed to the public view without the approval of the Association, except such signs as may be used by Developer in connection with the development of the Project and the sale of Dwelling Units and/or Lots and except such signs of customary and reasonable dimensions as may be displayed on a Lot advertising a Lot or Dwelling Unit for sale or lease. Display of an "for sale" or "for lease" sign more than three (3) feet by two (2) feet shall require the prior written approval of the Association. A residential identification sign is permitted but should not exceed one (1) square foot in surface area. Numbers on residences shall be located in a position clearly legible from the street, but not more than six (6) feet above main floor level.

14. Fences. No Owner shall construct or cause to be constructed any fence or other barrier on the Project.

15. Overnight Parking. No vehicles of any kind, including but not limited to, automobiles, trucks, buses, tractor trailers, camping vehicles, boats, boat trailers, snowmobiles, mobile homes, two and three wheeled motor vehicles, or other wheeled vehicles, shall be permitted to be parked on any street within the Property.

16. No Hazardous Activities. No activities shall be conducted on the Property and no improvements constructed on the Property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon the property and no open fires nor incinerators shall be lighted or permitted on the Property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace.

17. Repair of Buildings. No improvement upon the Property shall be permitted to fall into disrepair, and each such improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner thereof or the Association as applicable.

18. Improvements and Alterations. There shall be no excavation, construction or alteration which in any way alters the exterior appearance of any improvement within the Property nor removal of any improvement within the Property (other than repairs or rebuilding) without the prior approval of the Association.

19. Exemption for Developer. Nothing in these Covenants and Restrictions shall limit the right of Developer to complete excavation, grading and construction of improvements on or to any Lot owned by Developer, or to alter such improvements, or to construct such additional improvement on a Lot as Developer deems advisable so long as such Lot remains unsold.

20. Rooftop Antennas. No television, ham radio, citizens band or radio antenna, satellite receiving or other similar electronic receiving or sending device ("Antennas") shall be permitted upon the rooftop of any home or elsewhere if exposed to view from any other Lot. Nor shall any Antennas be permitted upon the side of any home, except individual satellite dishes. Such Antennas, if used, must be of the type that are installed within the natural building structure. In no case will any such receiving or sending antenna or other device be allowed to interfere with the peace and quiet enjoyment of any neighboring Lot Owner's premises or home entertainment facilities or equipment. Provided, however, Developer and the Association reserve the right and option to install cable service lines and antennas as needed throughout the Project in connection with its development.

21. Access. All travel within the Property is restricted to street rights-of-way. Anyone taking "short cuts" between streets, whether paved or gravel, is trespassing either on a private Lot. Nothing herein is to be construed as prohibiting proper use of Common Area and walkways.

22. Motorbikes and Similar Vehicles. All motorcycles, trail bikes, three wheel powered devices, automobiles, two or four-wheel drive recreational type vehicles are to be operated only on established roads and streets and are specifically prohibited from all other Common Area and footpaths and walkways.

23. Architectural Control. There shall be no Architectural Committee with regard to the Project. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Property. Nor shall any exterior addition to or change or alteration therein be made unless and until the plans and specifications showing the color, nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Board.

24. Mailboxes. The mailboxes for the Project shall be clustered. No freestanding mailboxes for individual Lots or Dwelling Units will be allowed.

25. Yard Lights. No Owner shall place or cause to be placed any individual yard lights in front of his or her Dwelling Unit.

26. General Obligations. Each Owner shall enjoy and be subject to all rights and duties assigned to Owners pursuant to these Covenants and Restrictions. With respect to unsold Lots, the Developer shall enjoy the same rights and assumes the same duties with respect to each unsold Lot.

27. Compliance with Agreements. To the extent applicable, the Association and the Owners shall comply with the provisions of any State and/or Municipal Agreement that touch and concern the Property, if any, including, but not limited to the Amended Development Agreement for South Mountain recorded in the Salt Lake County Records in June, 2000.

ARTICLE XII. MISCELLANEOUS

1. Notices. Any notice required or permitted to be given to any Owner under the provision of these Covenants and Restrictions shall be deemed to have been properly furnished if mailed, postage prepaid, to the person who appears as an Owner, at the latest address for such person, appearing in the records of the Association at the time of mailing.

2. Rules and Regulations. The Association shall have authority to promulgate and enforce such reasonable rules, regulations and procedures as may be necessary or desirable to aid the Association in carrying out any of its functions or to insure that the Property is maintained and used in a manner consistent with the interest of the Owners.

3. Term. These Covenants and Restrictions shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of forty (40) years from the date these Covenants and Restrictions are recorded. From and after said date, these Covenants and Restrictions, as amended, shall automatically extend for successive periods of ten (10) years each, unless there is an affirmative vote to terminate these Covenants and Restrictions by seventy-five percent (75%) of the votes of each class of Members cast at an election held for such purpose or otherwise approved in writing by such Members within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension.

4. Amendment. Except as provided elsewhere in these Covenants and Restrictions, any amendment to these Covenants and Restrictions shall require the affirmative vote of at least sixty-seven percent (67%) of the votes of each class of Members present in person or represented by proxy entitled to be cast at a meeting duly called for such purpose or otherwise approved in writing by such Members. Any amendment authorized pursuant to this Section shall be accomplished through the recordation in the office of the Salt Lake County Recorder of an instrument executed by the Association. In such instrument an officer or Trustee of the Association shall certify that the vote required by this Section for amendment has occurred. Any amendment of these Covenants and Restrictions shall require the approval of the FHA or VA, as applicable, if either of those agencies has guaranteed or insured any loan on a Lot subject to these Covenants and Restrictions. Anything in this Article or these Covenants and Restrictions to the contrary notwithstanding, Developer reserves the unilateral right to amend all or any part of these Covenants and Restrictions to such extent and with such language as may be requested by FHA, VA, the Federal Home Loan Mortgage Corporation or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of these Covenants and Restrictions, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or any portions thereof. Any such amendment shall be effected by the recordation by Developer of an amendment duly signed by or on behalf

of the authorized officers of Developer with their signatures acknowledged, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and the amendment, when recorded, shall be binding upon all of the Project and all persons having an interest therein. It is the desire of Developer to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, Developer alone shall have the right to amend these Covenants and Restrictions to restore such control. Within twenty-five (25) years from the date of recording these Covenants and Restrictions and so long as the Developer is the Owner of any Lot in the Project, these Covenants and Restrictions may be amended or terminated only with the written approval of the Developer. The Developer alone may amend or terminate these Covenants and Restrictions prior to the closing of a sale of any Lot.

5. Completion Obligation. Developer hereby covenants in favor of each person who contracts with Developer for the purchase of a Lot and Dwelling Unit located or to be located on any portion of the Property that no later than twenty-three (23) months after the date on which such contract is entered into: (i) the Dwelling Unit which such person has contracted to purchase, the Townhome Building within which such Dwelling Unit is contained or is to be contained (if any), and the Common Area appurtenant to such Dwelling Unit shall be fully constructed and ready for use or occupancy (as the case may be); and (ii) there shall be substantially completed and usable as part of the Common Area all proposed or planned roadways, parking spaces, sidewalks, fences, outdoor lighting, landscaping and utility lines and conduits necessary to enable full use and enjoyment of the Dwelling Unit concerned.

6. Rights of Action. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with the provisions of the Declaration or the decisions of the Association. Owners shall have a similar right of action against the Association.

7. Developer's Rights Assignable. The rights of Developer under these Covenants and Restrictions or in any way relating to the Property may be assigned, whereupon the assignee of Developer shall have all the rights of Developer hereunder.

8. Interpretation. The captions which precede the Articles and Sections of these Covenants and Restrictions are for convenience only and in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The invalidity or unenforceability of any portion of these Covenants and Restrictions shall not affect the validity or enforceability of the remainder hereof. These Covenants and Restrictions shall be liberally construed to effect all of its purposes.

9. Covenants to Run With the Land. These Covenants and Restrictions and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Developer, all parties who hereafter acquire any interest in a Lot or in the Common Area, and their respective grantees, transferees, heirs, devisees, personal representatives, successors and assigns. Each Owner or occupant of a Lot or Dwelling Unit shall comply with, and all interests in all Lots or in the Common Area shall be subject to the terms of these Covenants and Restrictions and the provisions of any rules, regulations, agreements, instruments and determinations

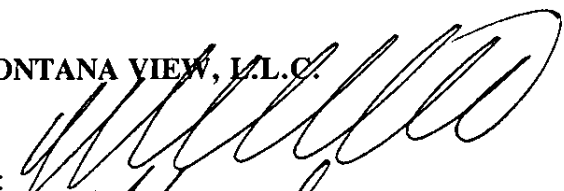
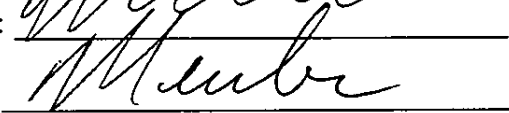
contemplated by these Covenants and Restrictions. By acquiring any interest in a Lot or in the Common Area, the party acquiring such interest consents and agrees to be bound by each and every provision of these Covenants and Restrictions.

10. Lists of Owners and Eligible Mortgagees. The Board shall maintain up-to-date records showing: (i) the name of each person who is an Owner, the address of such person, and the Lot which is owned by him; (ii) the name of each person or entity who is an eligible Mortgagee, the address of such person or entity and the Lot which is encumbered by the Mortgage held by such person or entity; and (iii) the name of each person or entity who is an insurer or governmental guarantor, the address of such person or entity, and the Lot which is encumbered by the Mortgage insured or guaranteed by such person or entity. In the event of any transfer of a fee or undivided fee interest in a Lot, either the transferor or transferee shall furnish the Board with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Salt Lake County, Utah. The Board may for all purposes act and rely on the information concerning Owners and Lot ownership which is thus acquired by it or, at its option, the Board may act and rely on current ownership information respecting any Lot or Lots which is obtained from the office of the County Recorder of Salt Lake County, Utah. The address of an Owner shall be deemed to be the address of the Lot owned by such person unless the Board is otherwise advised.

11. Effective Date. These Covenants and Restrictions and any amendment or supplement hereto shall take effect upon its being filed for record in the office of the County Recorder of Salt Lake County, Utah.

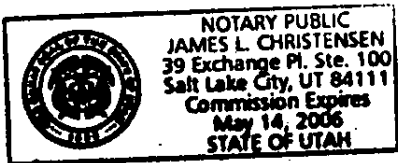
12. FHA/VA Approval. If the Developer applies for approval of FHA or VA mortgage financing, then in that event, so long as Developer continues to own any Lots, the following actions will require the prior approval of FHA or VA: annexation of additional land, dedication of Common Area, and amendment of these Covenants and Restrictions.

MONTANA VIEW, L.L.C.

By: 
Its: 

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 27 day of October, 2003, personally appeared before me Michael Lichtie, who being by me duly sworn, did say that he is the controlling member of **Montana View, L.L.C.** a Utah Limited Liability Company, and that said instrument was signed in behalf of said limited liability company by authority of a resolution of its Members, and that said limited liability company executed the same.




NOTARY PUBLIC

I:\313492\8\CC&Rs for Montana View Estates PUD - Revised 9-18-03.wpd